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FOUNDED 1866

January 23, 2009

By Courier

The Honorable Anne K. Quinlan Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20005

Office of Proceedings

JAN 2 3 2009

Part of Public Record



Re:

STB Finance Docket No. 35187, Grand Elk Railroad, L.L. C - Lease and Operation Exemption - Norfolk Southern Ry. Co; STB Finance Docket No. 35188; Watco Companies, Inc. - Continuance In Control Exemption - Grand Elk Railroad, L.L.C.

Dear Secretary Quinlan

Please find enclosed for filing in the above-referenced proceedings an original and ten (10) copies of Norfolk Southern Railway Company's Response To Brotherhood of Locomotive. Engineers & Trainmen/Michigan Legislative Board's Petition For Stay

If you have any questions, please contact the undersigned counsel

Sincerely,

Richard E. Young

Counsel for Norfolk Southern Railroad Company

**Enclosures** 

cc: All parties on service list

### BEFORE THE SURFACE TRANSPORTATION BOARD

**FINANCE DOCKET NO. 35187** 

GRAND ELK RAILROAD, L.L.C.—
LEASE AND OPERATION EXEMPTION —
NORFOLK SOUTHERN RAILWAY COMPANY

FINANCE DOCKET NO. 35188

WATCO COMPANIES, INC.—
CONTINUANCE IN CONTROL EXEMPTION —
GRAND ELK RAILROAD, L.L.C.

ENTERED
Office of Proceedings

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NORFOLK SOUTHERN RAILWAY COMPANY'S
RESPONSE TO BROTHERHOOD OF
LOCOMOTIVE ENGINEERS & TRAINMEN/
MICHIGAN LEGISLATIVE BOARD'S PETITION FOR STAY

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Dated: January 23, 2009

### BEFORE THE SURFACE TRANSPORTATION BOARD

**FINANCE DOCKET NO. 35187** 





FINANCE DOCKET NO. 35188

WATCO COMPANIES, INC.—
CONTINUANCE IN CONTROL EXEMPTION —
GRAND ELK RAILROAD, L.L.C.

# NORFOLK SOUTHERN RAILWAY COMPANY'S RESPONSE TO BROTHERHOOD OF LOCOMOTIVE ENGINEERS & TRAINMEN/ MICHIGAN LEGISLATIVE BOARD'S PETITION FOR STAY

Pursuant to 49 C.F.R. § 1104.13, Norfolk Southern Railway Company ("Norfolk Southern" or "NS") hereby responds to the Petition For Stay ("Petition") filed by the Brotherhood of Locomotive Engineers & Trainmen/Michigan Legislative Board ("BLET/MLB") on January 21, 2009. The Petition, which is unsigned and unverified, should be denied because the BLET/MLB has not shown, nor can it show, satisfaction of the requirements for a stay. In

Norfolk Southern notes that the Petition is deficient insofar as it fails to meet the attestation and verification requirements of 49 C.F.R. § 1104 4 Neither the Petition itself nor the cover letter to the Petition includes a signature. Furthermore, the certificate of service to the Petition not only fails to include a signature, but also fails to indicate who, if anyone, is making the certification therein contained Under the Board's regulations, the Board has the right to reject the Petition outright and may either return it unfiled or tentatively accept it for filing pending a correction of the deficiency. See 49 C.F.R. § 1104.10. The importance of the attestation and verification

particular, the BLET/MLB has not shown that it has a strong likelihood of prevailing on the merits, that it will suffer irreparable harm in the absence of a stay, that a stay would not substantially harm other parties, or that issuance of a stay would be in the public interest. Instead, the BLET/MLB takes a "kitchen-sink" approach that consists almost entirely of unsubstantiated allegations, pure speculation, outright falsehoods, and arguments that the Board has previously rejected. In reality, the evidence shows that each of the applicable standards weighs against the issuance of a stay.

#### FACTUAL BACKGROUND

These proceedings involve two separate notices of exemption filed by Grand Elk Railroad ("GER") and Watco Companies, Inc. ("Watco"), respectively. In Docket No 35187, GER, which is a non-carrier subsidiary of Watco, filed a notice of exemption pursuant to 49 C.F.R § 1150 31 et seq. to lease from Norfolk Southern, and to operate, approximately 123 miles of rail line that runs from Grand Rapids, Michigan, via Kalamazoo to a point just outside the Elkhart Yard in Indiana (the "Kalamazoo Branch"). As part of the proposed transaction, GER will also obtain incidental trackage rights over a 0.43-mile segment of the Michigan Main Line to connect the Kalamazoo Branch with Botsford Yard outside Kalamazoo, which GER will lease for train and car handling purposes

requirements become clear upon a full examination of the Petition and the several claimed "facts" that, as demonstrated below, are simply false. The attestation and verification requirements form important barriers against unsupported claims that cannot withstand even the most cursory review that is required by the Board's general practice requirements, and should not be taken lightly as a result

In Docket No. 35188, Watco, a non-carrier, has filed a notice of exemption pursuant to 49 C.F.R. § 1180.2(d)(2), for Watco to continue in control of GER upon GER's becoming a Class III railroad. Watco owns 100 percent of the stock of GER.<sup>2</sup>

#### **ARGUMENT**

### THE BLET/MLB HAS NOT SATISFIED THE REQUIREMENTS FOR THE ISSUANCE OF A STAY.

The BLET/MLB's failure to include a signature or verification in its Petition is understandable, because none of the "facts" that it alleges withstand scrutiny or otherwise warrant the issuance of a stay. A party seeking a stay must establish that: (1) there is a strong likelihood that it will prevail on the merits; (2) it will suffer irreparable harm in the absence of a stay; (3) other interested parties will not be substantially harmed; and (4) the public interest supports the granting of the stay. Grand Elk Railroad, L.L.C – Lease and Operation Exemption – Norfolk Southern Railway Co, Finance Docket No. 35187, Decision served December 22, 2008 ("GER December 22 Decision"), slip opinion, at 2; The New York, Susquehanna and Western Ry. Corp – Discontinuance of Service Exemption – In Broome and Chenango Counties, NY, Docket No. AB-286 (Sub-No. 5X), Decision served Sept. 30, 2008, 2008 WL 4415853 (S.T.B.), at \*1, Northwestern Pacific R.R. Co. – Change In Operators Exemption – North Coast Railroad Authority, et al., Finance Docket No. 35073, Decision served Sept. 7, 2007, 2007 WL 2571417 (S.T.B.), at \*1. The party seeking the stay "carries the burden of persuasion on all of

<sup>&</sup>lt;sup>2</sup> The control exemption in Finance Docket No. 35188 became effective on December 3, 2008 – 30 days after Watco filed its notice of exemption. *See* 49 C.F.R. § 1180.2(g); 73 Fed. Reg. 67927-67928. Consequently, the BLET/MLB's petition for a stay is necessarily limited to the lease and operation of the Grand Rapids-Elkhart line sought in Finance Docket No. 35187

the elements required for such extraordinary relief." GER December 22 Decision, at 2; The New York, Susquehanna and Western Ry. Corp — Discontinuance of Service Exemption, supra, at \*1.3

As demonstrated below, the BLET/MLB has not carried its burden of persuasion on any of these required elements. Rather than offer actual facts, the BLET/MLB uses a "kitchen-sink" approach – clearly based on the adage that "where there is smoke, there is fire" – of making numerous allegations in the hope that the sheer number of the allegations will convince the Board to order a delay in the effective date of the proposed transaction. The "facts" that the BLET/MLB allege, however, are unsupported, speculative, or simply untrue. Even leaving these deficiencies aside, the various "opinions" or "beliefs" offered by the BLET/MLB are patently insufficient to support the issuance of a stay.

### I. THE BLET/MLB HAS FAILED TO SHOW A STRONG LIKELIHOOD THAT IT WILL PREVAIL ON THE MERITS.

The BLET/MLB has not shown, and cannot show, that there is a strong likelihood that it will prevail on the ments. The Board's scope of review is narrow in these proceedings, because they involve notices of exemption filed under class exemptions previously granted by the Board or by the Board's predecessor, the Interstate Commerce Commission ("ICC"). As previously discussed, GER has filed a notice of exemption pursuant to the class exemption from Section 10901 set forth in 49 C.F.R. §§ 1150.31 et seq., and Watco has filed a notice of exemption pursuant to the "continuation-of-control" class exemption set forth in 49 C.F.R. § 1180.2(d)(2).

<sup>&</sup>lt;sup>3</sup> See also, e.g., Watco Companies, Inc. and Watco Transportation Services, Inc. – Continuance in Control Exemption – Michigan Central Railway, LLC, Finance Docket No. 35065, Decision served Aug. 8, 2007, 2007 WL 2259784 (S.T.B.), at \*2; Union Pacific R.R. Co. – Trackage Rights Exemption – BNSF Ry. Co., Finance Docket No. 34881, Decision served Junc. 6, 2006, 2006 WL 1541439 (S.T.B.), at \*1; Central Illinois R.R. Co. – Operation Exemption – Rail Line of the City of Peoria and the Village of Peoria Heights in Peoria and Peoria Heights, Peoria County, IL, Finance Docket No. 34518, Decision served July 1, 2004, 2004 WL 1474648 (S.T.B.), at \*2; Canadian Pacific Ry. Co. – Trackage Rights Exemption – Norfolk Southern Ry. Co., Finance Docket No. 34562, Decision served Oct. 27, 2004, 2004 WL 2619721 (S.T.B.), at \*3.

The ICC and the Board have already found that these two exemptions satisfy the requirements for an exemption set forth in 49 U.S.C. § 10502(a) – i.e., that the transaction is not necessary to carry out the Rail Transportation Policy, and either is of limited scope or is unnecessary to protect shippers from market abuse. Consequently, the Board performs no case-by-case analysis to determine whether a party filing a notice of exemption under the class exemption meets the requirements for an exemption under Section 10502. Exemptions Under 49 U.S.C. § 11343(e) For Finance Transactions Involving Non-Rail Intermodal Parties, 5 I.C.C.2d 726, 727 (1989) ("In class exemption proceedings, the class findings adopted in [the class exemption decision] apply, and no case-by-case analysis is done") 5

Instead, in proceedings involving notices of exemption, the Board determines (1) whether the proposed transaction falls within the scope of the class exemption. (2) whether the notice contains the information required by the Board's regulations; and (3) whether the information in the notice is complete (*i.e.*, includes all information required by the Board's regulations) and is

<sup>&</sup>lt;sup>4</sup> See Class Exemption For the Acquisition and Operation of Rail Lines Under 49 U.S.C. 10901, 1 I C C 2d 810, 817 (1985) ("Section 10901 Exemption Decision"), aff'd sub nom. Illinois Commerce Commission v. ICC, 817 F.2d 145 (D.C. Cir. 1987); 49 U.S.C. § 1180.2(d).

<sup>&</sup>lt;sup>5</sup> See also, e.g., SF&L Railway, Inc. – Acquisition and Operation Exemption – Toledo, Peoria and Western Ry Corp. Between La Harpe and Peoria, IL, Finance Docket No. 33995, Decision served Oct 17, 2002, at \*5 (stating that the ICC adopted the class exemption for acquisition and operation of rail lines by noncarriers "because the consideration of individual applications for exemption from 49 U.S.C. § 10901 had become a 'burdensome and unnecessary expenditure' on the agency and the individual petitioners") (quoting Section 10901 Exemption Decision, 1 I.C.C.2d at 811). Although the BLET/MLB repeatedly – and erroneously – describes GER's notice of exemption as a "petition" (see Petition at 4-5), GER's November 3 filing makes clear that it is a verified notice of exemption. Because the Board has already exempted from Sections 10901 and 11323 the types of transactions described in the notices of exemption filed by GER and Watco, the standards under those statutes are inapplicable in determining whether the BLET/MLB has shown a strong likelihood of prevailing on the merits here. In the current proceedings, only notices of exemption have been filed – and, as discussed above, their adequacy is determined under different standards.

not false or misleading.<sup>6</sup> If the notice of exemption meets these requirements, the Board will permit the exemption to become effective except in those rare circumstances where the notice presents substantially complicated or controversial matters for which the class exemption was not designed <sup>7</sup> However, the mere fact that a notice of exemption is challenged does not make it so "complicated" or "controversial" as to warrant rejection. *City of Alameda – Acquisition Exemption – Alameda Beltline R.R.*, Finance Docket No. 34798, Decision served April 3, 2006, 2006 WL 866564 (S.T.B.), at \*2.8

<sup>&</sup>lt;sup>6</sup> Sec, c.g, 49 U.S.C. § 1150.32(a), (e) (stating that, to qualify for class exemption for acquisitions and operations under Section 10901, applicant must file verified notice of exemption with required information and a brief caption summary, and – in the case of a carrier with projected annual revenue of at least \$5 million – post a labor notice); id § 1150.32(c) (exemption is void ab initio if notice contains false or misleading information); id §§ 1180.2(d), 1180.4(g) (transaction is exempt if it is within one of 8 specified categories and applicant files notice of exemption which includes information required by Board's regulations).

<sup>&</sup>lt;sup>7</sup> E.g., Greenville County Economic Development Corp. – Discontinuance of Service Exemption -- In Greenville County, SC, AB-490X, STB Decision served January 29, 2004 (class exemption discontinuance procedures under an out-of-service exemption were not appropriate when the failure to initiate service were under pending litigation and not reported to the Board), Burlington Northern and Santa Fe Ry. Co. - Acquisition and Operation Exemption - State of South Dakota. Finance Docket No. 34645, Decision served Jan. 14, 2005, 2005 WL 79210 (S.T B), at \*2 ("South Dakota") (rejecting notice of exemption because class exemption is "typically reserved for uncomplicated and noncontroversial issues," whereas BNSF's notice of exemption involved lines then currently the subject of a contractual dispute over the scope of rights retained under applicable agreements and the existence of access and purchase option rights, which complicated the transaction beyond the bounds intended for the class exemption procedure), Riverview Trenton R R Co - Acquisition and Operation Exemption - Crown Enterprises, Inc., Finance Docket No. 33980, Decision served Feb. 15, 2002, 2002 WL 226940 (S.T.B.), at \*2 ("Riverview" Trenton") (revoking exemption covered by notice because it involved the proposed conversion of private carrier operations into common carrier service, thereby raising issues of local control, and therefore attracting substantial controversy and opposition from the public agencies at risk of losing said control).

<sup>&</sup>lt;sup>8</sup> The Board distinguished the *City of Alameda* proceeding from that involved in *South Dakota* and *Riverview Trenton*, even though both involved litigation. In *South Dakota*, substantial issues involving the level of service to be provided in the line, and what party would be permitted to grant other carriers access to the lines involved, were in question. In the *City of Alameda* proceeding, however, the Board found that, by contrast, "the City's notice of exemption simply

The BLET/MLB has provided no evidence that the notices of exemption fail to meet the applicable standards. It does not question that the transactions encompassed by the notices of exemption fall within the applicable class exemptions. It challenges the completeness or veracity of the information set forth in the notices in only one respect – and its challenge is both baseless and inaccurate. Specifically, the BLET/MLB alleges that GER's notice of exemption did not disclose, "as required in [49] C.F.R. § 1105.7[(e)](7)(iii), that Botsford Yard is a known Hazardous Waste Site." Petition at 4 That allegation is nonsense In the first place, the requirement cited by the BLET/MLB does not apply when, as here, the proposed transaction does not result in significant changes in carrier operations, including changes exceeding the thresholds established by the Board's regulations 49 C.F.R. § 1105.6(c)(2). GER certified in its Notice of Exemption that the proposed transaction would not result in such changes, and (as discussed below) the BLET/MLB has provided no evidence that would warrant a contrary conclusion

Moreover, contrary to the BLET/MLB's unsupported assertion, Botsford Yard is *not* a hazardous waste site. None of the Botsford Yard appears to fall within the superfund project site cited by the BLET/MLB (EPA ID # MID006007306). That superfund site (the Allied Paper/Portage Creek/Kalamazoo River Superfund Site in Kalamazoo) extends for approximately 80 miles beginning in Kalamazoo and stretching down the Kalamazoo River and an adjoining tributary towards Lake Michigan. In addition, as the EPA states on its website, the work currently in progress on the superfund site involves dredging to remove PCB-contaminated

involve[d] the transfer of a line from one party to another, a transaction more limited in scope than *Riverview Trenton*, and therefore a stay [was] unnecessary." 2006 WL 866564, at \*3.

<sup>&</sup>lt;sup>9</sup> Verified Notice of Exemption filed November 3, 2008, in Finance Docket No. 35187, at 9

sediment from the Kalamazoo River by contractors hired by the responsible parties – Millennium Holdings LLC and Georgia-Pacific LLC <sup>10</sup> This work has nothing to do with Norfolk Southern or the Botsford Yard. Consequently, the BLET/MLB's assertion that "an environmental report is required to assess the true health risk to the public" from this site before the proposed transaction can become effective is nonsense. Petition at 4.

Given its failure to show that the Notices of Exemption fail to meet the applicable standards, the BLET/MLB cannot establish a strong likelihood of success on the merits *See*, e.g., Northwestern Pacific R R Co - Change in Operators Exemption, supra, 2007 WL 2571417, at \*1 (because petitioner had not shown that information in notice of exemption was false or misleading, it had "not met its burden of showing a likelihood of success on the merits"), Union Pacific R.R. Co. - Trackage Rights Exemption - BNSF Railway Co., Finance Docket No. 34880, Decision served June 5, 2006, 2006 WL 1529120 (S.T.B.), at \*1 (party seeking stay had not demonstrated strong likelihood of prevailing on the merits, since "UP has submitted sufficient information with its notice to comply with our rules at 49 C.F.R. § 1180 4(g)")

Finally, the BLET/MLB cannot demonstrate that the notices should be rejected on the ground that they are "complicated" or "controversial." As the Board has recognized, a mere transfer of a line from one party to another, as would occur here, does not fit within either of those categories. City of Alameda – Acquisition Exemption, supra, 2006 WL 866564, at \*3. Furthermore, as described above, the rare cases where the Board has rejected notices of exemption on such grounds involved complex issues that went well beyond a mere disagreement between the parties (see fins. 7-8, supra), which is all that exists here.

<sup>&</sup>lt;sup>10</sup>The EPA's description of this work can be found at <a href="http://www.epa.gov/region5/sites/kalproject/pdfs/EPA">http://www.epa.gov/region5/sites/kalproject/pdfs/EPA</a> Allied FactSheet webSep2008 pdf.

Because there is no legitimate basis for rejecting the notices of exemption, the BLET/MLB cannot satisfy the first element of the Board's test for a stay. That deficiency, by itself, requires that the Petition be denied. *See GER December 22 Decision*, at 2 ("MEDC's request for stay will be denied because MEDC has not met, or even discussed, the criteria for granting a stay").

### II. THE BLET/MLB HAS FAILED TO SHOW THAT IT WILL SUFFER IRREPARABLE HARM IN THE ABSENCE OF A STAY.

Although it asserts that "'Irreparable harm' is evident" (Petition at 3), the BLET/MLB has not shown that it will suffer irreparable harm in the absence of a stay. There is no basis in fact for the BLET/MLB's allegations that the proposed lease would result in a net loss of jobs, would deprive Marquette Rail of a competitive option, would produce a significant increase in the number of carloads handled at the Botsford Yard, and would result in deterioration of the Grand Rapids-Elkhart line. These allegations either are unsubstantiated or flatly contrary to fact.

### A. The BLET/MLB's Allegation That the Proposed Transaction Will Result In a Net Loss of Jobs Is Baseless.

The BLET/MLB contends that the proposed transaction will result in "a net loss of fourteen jobs," because "[c]urrently there are seventy-two jobs covering the area included in this proposed transaction," whereas GER proposes to hire only 58 employees. Petition at 3. This allegation is unsupported and without merit. By Norfolk Southern's count, only 42 of its employees have regular positions on the Grand Rapids-Elkhart line. Thus, the proposed lease will result in the creation of additional jobs in Michigan. Moreover, BLET/MLB ignores the fact that the Board does not impose employee protective conditions on this class of exemptions.

Section 10901 Exemption Decision, 1 I.C.C 2d at 813-816.

### B. The BLET/MLB's Argument That the Proposed Lease Would Reduce Marquette Rail's Competitive Options Is Totally Contrary To the Facts.

Resurrecting an argument previously raised by the Michigan Economic Development Corporation ("MEDC"), the BLET/MLB suggests that the proposed transaction would eliminate a direct connection between Marquette Rail LLC ("Marquette Rail") and NS, thereby causing irreparable harm to the MEDC and Marquette Rail. Petition at 3-4 However, the Board has already determined that this contention is an insufficient basis for a stay. In its decision issued last month rejecting the MEDC's stay request, the Board found that the factual basis for the MEDC's claim is "questionable," based upon the substantial evidence submitted by GER and Norfolk Southern "that there is currently no direct physical connection between Marquette [Rail] and NS at Grand Rapids and that what little traffic moves between these carriers must do so via an intermediate switch over track owned by CSX Transportation, Inc. (CSXT), subject to an interchange commitment fee charged by CSXT." GER December 22 Decision, at 2.

The BLET/MLB nonetheless argues that the "facts" show "that Marquette Rail has a direct connection to 'NS' via the Grand Rapids Terminal Subdivision beginning at CGE 3 6 and extending to Fuller [Junction]," and that Marquette Rail and NS "have adjoining rights of way north of Turner St." Petition at 3-4 The facts, however, are otherwise. The line from CGE 3.6 and Fuller Junction is owned by *CSXT* Similarly, the rights of way cited by the BLET/MLB were granted to Marquette Rail and NS by CSXT – which did not grant Marquette Rail and NS the right to interchange their respective traffic. These facts only confirm that Marquette Rail has no direct connection to NS at Grand Rapids.

Indeed, the BLET/MLB's contentions fly in the face of the testimony given by Marquette Rail itself in Docket No 35063 little more than a year ago. There, the President and Chief Executive Officer of Marquette Rail, Kevin Ruble, testified not only that Marquette Rail has no

direct connection to NS at Grand Rapids, but also that Marquette Rail had been engaged in discussions with NS to construct such a connection:

Currently, for routings to and from NS points, we interchange the cars to NS via a CSX intermediate switch at Grand Rapids. We deliver these cars to CSX's Wyoming Yard in Grand Rapids, and CSX moves the cars to NS's Hughart Yard. My analysis of Grand Rapids dwell times has revealed that, from time of delivery by Marquette Rail to CSX to time of NS departure from Grand Rapids, cars have been delayed, on average, 3.9 days.

Thus, about eighteen months ago, I commenced discussions with NS regarding construction of a direct connection on the north side at Grand Rapids between NS and our railroad.

Now, in light of this proposed transaction, not only do we not have a direct connection to NS, but NS and Watco are proposing to place yet another intermediate carrier into our primary NS rout via Elkhart.<sup>11</sup>

Mr. Ruble proposed that if the transaction at issue in that docket was approved by the Board, the Board should order the construction of such a direct connection.<sup>12</sup> In view of Mr Ruble's testimony, the argument of BLET/MLB that such a direct connection already exists is patently false

C. There Is No Basis For the BLET/MLB's Contention That the Number of Cars Handled At the Botsford Yard Would Substantially Increase As a Result of the Proposed Transaction.

The BLET/MLB states its "belief" that GER's estimates of the approximate carloads which it would handle on the Grand Rapids-Elkhart line is "substantially low," and that the actual number of GER's carloads would result in "a significant change in operations at Kalamazoo Botsford Yard." Petition at 4. This argument is baseless – as evidenced by the total failure of the BLET/MLB to offer any data or other factual predicate to support its contention.

<sup>&</sup>lt;sup>11</sup> Verified Statement of Kevin Ruble filed September 18, 2007, in Finance Docket No 35063, at 4-5 (emphasis added).

<sup>&</sup>lt;sup>12</sup> Id. at 7 The Board, however, rejected the application in Docket No. 35063 by decision released December 10, 2007.

Id For example, although it contends that cars destined for certain cities would be interchanged at Botsford Yard, rather than at Hugart Yard, the BLET/MLB fails to describe the basis for its conclusion that Botsford Yard would now be used, or the number of cars that would be involved.

Id

Instead, the BLET/MLB's challenge to GER's estimates rests solely on assumptions and speculation. To take but one example, the BLET/MLB speculates that Canadian National Railroad ("CN") "may not" renew its 99-year lease of the CK&S Industrial. BLET/MLB, however, points to absolutely nothing that would give rise to such speculation. The BLET/MLB then adds its purported concern that CN "currently handles large amounts of Hazardous materials on the CK&S Industrial," and that the addition of these cars to those currently being handled in the Botsford Yard would "possibly" cause significant environmental impact. *Id.* Although NS obviously cannot claim to know CN's actual intentions, the theoretical possibility that CN might decline to renew the current agreement and instead send its traffic over GER is no basis for staying the proposed transaction. 14

<sup>&</sup>lt;sup>13</sup> The current agreement expires at the end of July 2009.

<sup>14</sup> The additional "facts" that the BLET/MLB cites in support of its argument further reflect its "kitchen-sink" approach of advancing any allegation, however unsubstantiated or incorrect. For example, although the BLET/MLB predicts that there will be dire consequences to the public and to shippers because GER's "petition" states that its "headquarters will be in Botsford Yard" (Petition at 4), the simple fact that a corporation's headquarters is located at a single location does not cause that location to be the center of all rail operations. Contrary to BLET/MLB's assertions, it is NS's understanding that GER will make every attempt to keep cars out of the Botsford Yard. Similarly, the BLET/MLB contends that GER "has stated that it will run its train through daylight hours and will [therefore] compound the problem" (id at 5), but offers no evidence that GER has ever made such a statement – and NS has found none. Rather, it is NS's understanding that GER plans for its manifest trains to go on duty at Kalamazoo at 3 a.m. and be through Kalamazoo by no later than 4 a.m.

D. The BLET/MLB's Speculative Argument That GER May Lack Sufficient Resources To Make Necessary Capital Improvements on the Grand Rapids-Elkhart Line Provides No Basis For a Finding of Irreparable Harm.

As part of its "smokescreen" approach, the BLET/MLB cites a plethora of figures regarding GER's planned investment in various improvements on the Grand Rapids-Elkhart line and then concludes that the S8.9 million which GER plans to invest are "insufficient funds to capitalize the 'GER' as characterized in their petition [sic]." Petition at 5. This argument is baseless. In the first place, the BLET/MLB offers no evidence that \$8.9 million is the *only* amount that GER plans to invest in the line; as the BLET/MLB acknowledge, GER has described this amount only as "start-up capital." *Id* Thus, even if that amount is exceeded by the sum of the individual figures cited by the BLET/MLB, that does not support the conclusion that GER's investments will be inadequate to maintain the line. "Start-up capital" is, after all, just that – a going concern is expected to generate revenues to sustain the operations of that concern

Second, a number of the "statistics" cited by the BLET/MLB are either unsupported or incorrect. For example, the BLET/MLB implies that GER has failed to consider in its economic considerations the costs of hiring employees and acquiring railroad equipment, which is an absurdity. Moreover, the BLET/MLB asserts that, beyond the specific infrastructure improvements that GER has discussed publicly, there are "two additional bridges in need of repair" *Id.* The BLET/MLB, however, does not identify these bridges, does not explain the

<sup>&</sup>lt;sup>15</sup> In addition, the BLET/MLB reiterates concerns raised by Michigan State Senator Raymond E. Basham regarding grade crossing deficiencies allegedly identified by the Michigan Department of Transportation ("MDOT"). As GER and Watco advised the Board in their recent filing, GER has been in contact with the MDOT to discuss the issue of the allegedly deficient grade crossings, will work closely with the MDOT to ensure that all crossings are in compliance with MDOT requirements, and "is prepared to spend considerable sums of money to upgrade the Line and intends to maintain all grade crossings in compliance with Federal and state standards." Reply of GER and Watco To Comments of State Senator Raymond E. Basham, filed January 16, 2009, in Docket No 35187, at 8 ("GER/Watco Reply").

repairs needed on them, and does not explain the magnitude of the supposed cost of the repairs.  $Id^{16}$ 

In view of these deficiencies, the BLET/MLB's argument that GER "may not have" sufficient resources or cash reserves is sheer conjecture, and therefore should be rejected out of hand. *Id* at 5-6.

## III. THE BLET/MLB HAS FAILED TO SHOW THAT OTHER INTERESTED PARTIES WILL NOT BE SUBSTANTIALLY HARMED BY THE ISSUANCE OF A STAY.

The BLET/MLB has failed to show that other interested parties will not be substantially harmed by the issuance of a stay. Indeed, the BLET/MLB scarcely addresses the issue.

Although it expresses its "opinion" that a stay "will not harm the 'GER," the BLET/MLB offers no reason and no evidence to support its position. Petition at 6.

The BLET/MLB also asserts that NS would be unharmed by the issuance of a stay, because "they [sic] still retain ownership of the railroad and are free to follow any business model they choose " *Id*. If this argument sufficed to support this element of the stay analysis, however, it would render the element a nullity, because it would support *every* stay proposed in a transaction before the Board, including but not limited to the acquisition of a line by a short-line carrier from a Class I carrier. It would also be a result that would be totally inconsistent with the Board's repeated endorsement of such transactions. *See* GER/Watco Reply at 5 (citing previous Board decisions).

<sup>&</sup>lt;sup>16</sup> The BLET/MLB also repeats the concern, made recently by Michigan State Senator Basham, that the Dunn & Bradstreet rating for Watco Transportation Services could limit the access of GER and Watco to the financial resources required to make the necessary capital improvements on the line. Petition at 5. In their recent filing, GER and Watco demonstrated that this concern is misplaced, for a number of reasons. GER/Watco Reply at 6-7. Furthermore, the BLET/MLB's argument appears to constitute an attempt to introduce a "fitness" standard that simply is not relevant in a notice-of-exemption proceeding.

In any case, the evidence shows that the issuance of a stay would cause substantial harm to other interested parties. As discussed below, a stay would prevent the creation of several new jobs on GER, at a time when Michigan's economy is in dire straits. A stay would also deny shippers the high-quality service on the line that would result from the capital improvements that GER intends to make. Thus, if a stay is issued, the citizens of Michigan and the shippers on the line would be injured.

#### IV. THE ISSUANCE OF A STAY IS NOT IN THE PUBLIC INTEREST.

Finally, the BLET/MLB has not shown that the issuance of a stay would be in the public interest. As in the case of its argument regarding harm to other parties, the BLET/MLB offers only its unsubstantiated "belief" to support its position that the public interest would support the granting of a stay Petition at 6. A mere "belief," however, is not evidence, and clearly is no basis for a stay

Although the BLET/MLB cites the previous filings of the MEDC and State Scnator

Basham in an attempt to find support its "belief," neither filing supports its position. The

MEDC's request for a stay did not even specifically make a "public interest" argument. The

MEDC merely asserted that Marquette Rail would be deprived of an existing competitive rail

option. As discussed above, however, the Board has already determined that this claim is an

insufficient basis for a stay, because the evidence shows that there is no direct connection

between Marquette Rail and Norfolk Southern at Grand Rapids. The proposed lease would leave

Marquette Rail (and its shippers) with the same "competitive rail options" that exist today.

Accordingly, the MEDC's arguments cannot satisfy the "public interest" prong of the Board's

test. See, e.g., Canadian Pacific Ry. Co.—Trackage Rights Exemption, supra, 2004 WL

<sup>&</sup>lt;sup>17</sup> See letter from James C. Epolito, President and CEO of the MEDC, to The Honorable Anne K. Quinlan, in Finance Docket Nos 35187 and 35188, dated November 26, 2008

2619721 (S.T.B.), at \*4 (party seeking stay did not show that issuance of stay would be in the public interest, where the proposed transaction "would not reduce the number of competitive rail options available to any shipper").

The BLET/MLB's reliance on State Senator Basham's comments is equally misplaced. GER and Watco responded to Senator Basham's comments, but BLET/MLB fails to acknowledge, let alone address, that response. *See, e.g.*, GER/Watco Reply at 8-11. GER and Watco have demonstrated that the concerns expressed by Senator Basham are unfounded. A mere "belief" by the BLET/MLB cannot alter that fact.

The evidence plainly shows that the issuance of a stay would be *contrary* to the public interest, because it would deprive the Michigan economy of new jobs and new investment, and would deny shippers improved rail service. As described in a recent press release by Watco (and in the certificate of compliance with labor notice requirements that GER recently filed with the Board), GER would employ at least 58 persons in various management, transportation, mechanical, engineering, car repair, signal, and clerical positions <sup>18</sup> These jobs would be particularly beneficial to the economy of Michigan, where most of the line is located and where the unemployment rate is currently the highest in the Nation. <sup>19</sup> Given the current financial crisis

<sup>&</sup>lt;sup>18</sup> "Grand Elk Railroad Update," Watco press release issued December 3, 2008 (attached hereto as Attachment 1); letter from Karl Morell to The Honorable Anne K. Quinlan, filed Dec. 1, 2008, in Docket No. 35187 (attached hereto as Attachment 2)

<sup>&</sup>lt;sup>19</sup> According to the Bureau of Labor Statistics, in November 2008 the unemployment rate in Michigan was 9.6 percent, an increase from 7.4 percent in November 2007. Michigan lost nearly 113,000 jobs between November 2007 and November 2008. Bureau of Labor Statistics, "Economic News Release – Regional and State Employment and Unemployment Summary," dated December 19, 2008 (found at http://stats.bls.gov/news.release/laus.nr0.htm)

involving Ford, Chrysler, and General Motors, that rate is likely to worsen.<sup>20</sup> Consequently, the jobs generated by GER would provide a badly needed economic benefit to Michigan.

The proposed transaction will also result in an increase in the quality of rail service provided to shippers using the Grand Rapids-Elkhart line. According to Watco, GER "will be investing significant resources in improving the railroad" to increase the speed of the line (which is only 10 miles per hour on some portions) to 25 miles per hour. See Attachment 1 hereto. This will provide shippers with faster and more efficient transportation service. The Board has recognized that such a result furthers the public interest. For example, in Yellowstone Valley.

R.R., Inc. – Lease and Operation Exemption – BNSF Ry. Co., Finance Docket No. 34737,

Decision served Aug. 10, 2005, 2005 WL 1900925 (S.T.B.), the Board found that a party seeking a stay had not shown that a stay would further the public interest, in view of the efficiencies and improved service that the transaction would produce: "Allowing the transaction to proceed is consistent with Congressional intent, as reflected by laws encouraging the formation of short line and regional carriers to serve the public interest." Id at \*3. The Board's reasoning is equally applicable here. Thus, the public interest requires that the requests for a stay be denied

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<sup>&</sup>lt;sup>20</sup> Even before the "Big Three" auto manufacturers sought aid from Congress, General Motors announced that it would close its stamping plant at Grand Rapids by the end of 2008. Notice of Exemption filed by GER in Finance Docket No 35187, at 8

#### **CONCLUSION**

For the reasons stated herein, the BLET/MLB has failed to establish any of the elements required for the issuance of a stay. Accordingly, the Petition should be denied.

Respectfully submitted,

John V. Edwards Norfolk Southern Corporation Three Commercial Place Norfolk, VA 23510 (757) 629-2657 G. Paul Moates Richard E. Young Sidley Austin LLP 1501 K Street, N.W Washington, D.C. 20005 (202) 736-8000

Attorneys for Norfolk Southern Railway Company

Dated: January 23, 2009

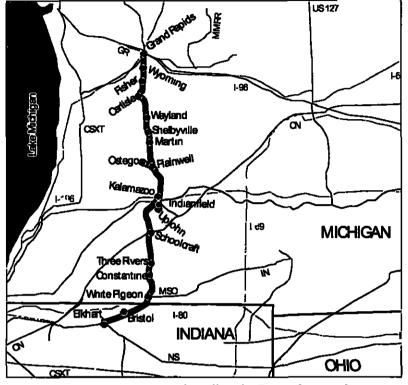
#### **CERTIFICATE OF SERVICE**

I hereby certify that on this 23rd day of January, 2009, I caused a copy of the foregoing Norfolk Southern Railway Company's Response to Brotherhood of Locomotive Engineers & Trainmen/Michigan Legislative Board's Petition for Stay to be served to all parties listed on the official service list in this proceeding by first class mail, postage prepaid.

Richard M. Bryan

### **ATTACHMENT 1**





The Grand Elk Railroad filed an application Nov. 3, 2008, with the Surface Transportation Board (STB) to operate 1229 miles of railroad that runs from Grand Rapids, Mich. to Elkhart, Ind The filing process is expected to take 60 days with approval anticipated by January 26, 2009 and the start-up date for operations is March 1, 2009. The Grand Elk is taking the lines over from Norfolk Southern.

The Grand Elk Railroad will be operated by Watco Companies, Inc (Watco) and serve more than 55 Customers in Michigan and Indiana Watco is a Pittsburg, Kan. based transportation company established in 1983 Watco's focus on Customer Satisfaction has grown the company into an all-encompassing industry serving rail, mechanical, switching, storage, trucking, warehousing and intermodal needs of Customers throughout 24 states.

The Grand Elk will help the area's economy by providing freight service to Customers at various locations. As part of this transaction the Grand Elk will be investing signifi-

cant resources in improving the railroad Currently, speeds on portions of the railroad have dropped to 10 mph and the Grand Elk Railroad will be inserting ties and working on the line to bring the speed up to 25 mph from Elkhart to Grand Rapids

Annual carloads are projected at 22,000, the equivalent of 60,000-80,000 trucks, and will provide shippers with a cost effective method to transport product. Commodities that will be shipped on the Grand Elk include automotive parts, plastics, metals, lumber and wood products and aggregates.

The primary mission of the Grand Elk will be to safely provide service to its 55 existing Customers, and to add value to the communities that are served by growing the business on the railroad.

Three different yards will be located on the Grand Elk line, the Botsford in Kalamazoo, Mich., the Fischer in Wyoming, Mich., and the Hughart in Grand Rapids, Mich., which will house the locomotive shop. The Botsford Yard consists of 19 tracks, the Hughart Yard has 20 and the Fischer Yard has 8 tracks

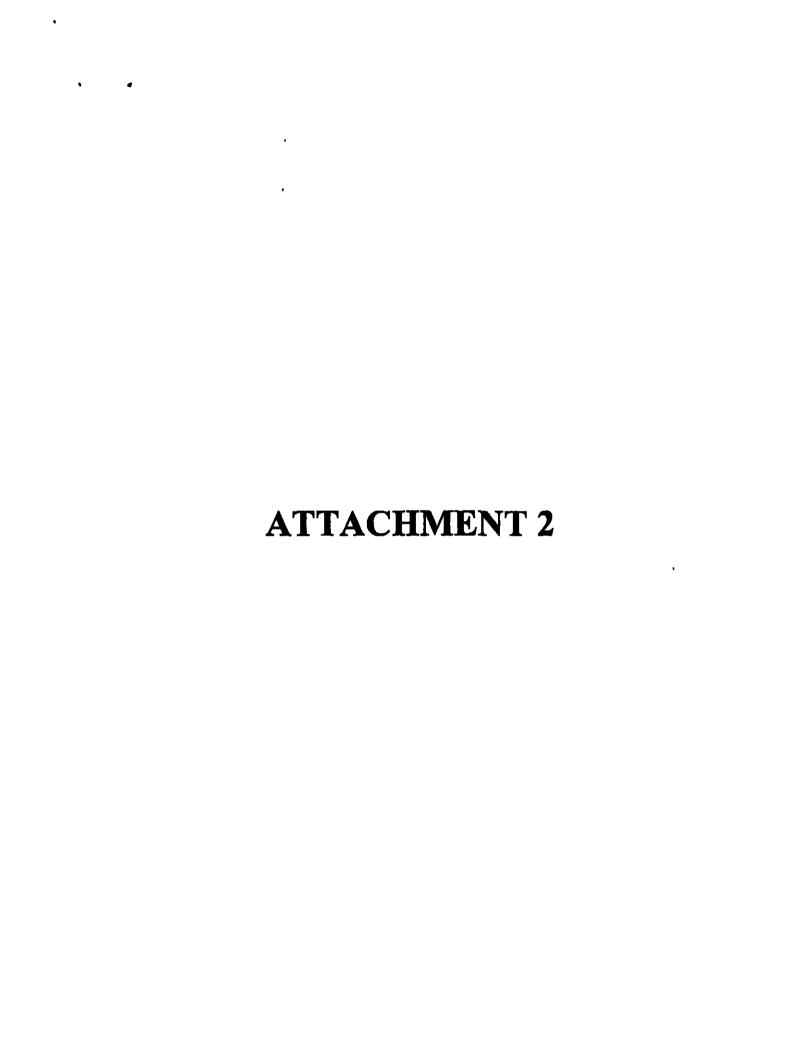
The Grand Elk office will be located in Kalamazoo at the Botsford Yard on Mill Street. Grand Elk Railroad will interchange with three Class I railroads including. Norfolk Southern at Kalamazoo, Mich., and Elkhart, Ind., Canadian National at Kalamazoo, Mich., and the CSX interchanges in Grand Rapids, Ind Three short lines, Marquette Railroad, Mid-Michigan Railroad and the Grand Rapids Eastern Railroad will interchange at Grand Rapids. Mich The Michigan Southern Railroad will interchange at White Pigeon, Mich

Fifty-four people will be employed by the Grand Elk in the following areas: seven management positions, 27 transportation, three mechanical, eight engineering (track), three car repair, four signal and two clerical. All positions will be full-time with benefits included.

More information about Watco can be found at www watcocompanies.com

#### CONTACT:

Operations and Human Resources: *Rodney Gordon*, General Manager (620) 704-3011 Marketing and Customer Information *Allan Roach*. Senior VP Marketing, (620) 687-3478 Transaction Management *Ed McKechnie*, Chief Commercial Officer, (620) 232-4184



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KARI MORELI

kmorell@bjllp.com

December 1, 2008

The Honorable Anne K. Quinlan Acting Secretary Surface Transportation Board 395 F. Street S.W. Washington, DC 20423-0001

Re: Finance Docket No. 35187, Grand Elk Railroad, LLC: Lease and Operation Exemption: Norfolk Southern Railway Company

#### Dear Acting Secretary Quinlan:

On November 25, 2008, Grand Elk Railroad, LLC ("GER"), certified to the Board that on November 20, 2008, GER had posted the attached Notice at the workplace of the employees on the rail lines that are the subject of this transaction and that on November 25, 2008, GER served a copy of the Notice on the national offices of all labor unions with employees on the affected line. Since that time, it has come to the attention of GER that there are two additional labor unions that were not served with a copy of the Notice and that the Notice was not posted at one workplace. Although no employee of those two labor unions will be affected by this transaction, GER today served a copy of the Notice on those two additional labor unions and had posted the Notice at the additional workplace.

Accordingly, GER hereby certifies that on November 20, 2008 and December 1, 2008, GER had posted the attached Notice at the workplace of the employees on the rail lines that are the subject of this transaction and that on November 25, 2008 and December 1, 2008, GER served a copy of the Notice on the national offices of all labor unions with employees on the affected rail lines

In light of this revised certification, the Notice of Exemption in this proceeding will become effective on January 31, 2009

#### BALL JANIK LLP

The Honorable Anne K. Quinlan December 1, 2008 Page 2

If you have any questions regarding this matter, please contact me.

Sincerely, Larl Minell

Karl Morell

Enclosure

#### NOTICE

Grand Elk Raılroad, L L C. ("GER"), a Delaware Limited Liability Company, will be leasing and operating the freight portion of the rail lines located between: (1) Milepost KH 1.4 at Elkhart, IN and Milepost KH 27.4 at Three Rivers, MI; (2) Milepost FB 27.3 at Three Rivers and Milepost FB 102.3 at Grand Rapids; (3) Milepost KZ 94.25 and Milepost KZ 95.0 (Kalamazoo Industrial Track); (4) Milepost OW 66.6 and Milepost OW 70.24 (Plainwell Industrial Track); (5) Milepost XH 88.10 and Milepost XH 92.40 (Hastings Running Track); (6) Milepost CQ 42.8 and Milepost CQ 43.9 (CK&S Industrial Track); (7) Milepost KY 0.0 and Milepost KY 3.2 (B O Secondary); (8) Milepost UP 0.0 and Milepost UP 6.7 (Upjohn Secondary); (9) Milepost QY 421.2 and Milepost QY 421.3 (Quincy Secondary); (10) Milepost VW 106.0 and Milepost VW 106.9 (Comstock Industrial Track); (11) Milepost AZ 69.6 and Milepost AZ 70.4 (Airline Extension); and (12) Milepost IJ 44.3 and Milepost IJ 44.7 (CK&S Industrial Track), along with 0.43 mile of trackage rights over the Michigan Main Line between MP 143.03 and 142.60 at Botsford Yard and the yard tracks in Botsford Yard located between Milepost MH 141.8 and Milepost MH 142.7.

#### GER operations on the leased lines are expected to commence on March 1, 2009.

As a result of operating the freight portion of the rail lines, GER expects to have approximately 58 employment opportunities, including 7 managerial positions, in the following locations: Grand Rapids and Kalamazoo. The non-managerial positions require the following minimum skills and/or qualifications:

#### Conductor:

Approximately 15 positions as follows: Grand Rapids (4) and Kalamazoo (11). These positions require the following minimum skills and/or qualifications:

- At least 1 year experience as a Conductor/Brakeman.
- Must have Qualifications on the General Code of Operating Rules (GCOR) and have passed a written test in the past 18 months.
- Must have an understanding of air brake and mechanical systems of a train and locomotives, and pass a written test to verify competency.

#### Engineer:

Approximately 12 positions as follows. Grand Rapids (2) and Kalamazoo (10). These positions require the following minimum skills and/or qualifications:

- At least 1 year experience as a Locomotive Engineer.
- Must possess a valid Engineer's certificate issued by a program in compliance with 49 CFR Part 240.
- Must be able to meet all hearing and vision requirements of 49 CFR Part 240.
- Must have Qualifications on the General Code of Operating Rules (GCOR) and have passed a written test in the past 18 months.
- Must have an understanding of air brake and mechanical systems of a train and locomotives, and pass a written test to verify competency.

#### Clerks:

Approximately 2 positions located in Kalamazoo, MI These positions require the following minimum skills and/or qualifications:

- Involved in day to day record keeping, billing, filing, and typing and general office duties.
- Must possess a high school education or GED, and a minimum of 6 months job-related experience; or equivalent combination of education and experience.
- This position will be accountable to all managers within the operation and is responsible for office coordination of activities.
- Other duties as assigned.

#### Locomotive Electrical:

Approximately 1 position located in Grand Rapids, MI. This position requires the following minimum skills and/or qualifications:

- Makes repairs and performs scheduled maintenance to both inbound and outbound locomotives.
- Must have knowledge of and comply with FRA standards.
- Must possess a high school education or GED, and a minimum of 12 months job-related experience; or equivalent combination of education and experience.
- Prefer background in technical training in Electrical maintenance/repair.
- Demonstrated knowledge and ability in using required hand and power tools

#### Locomotive Mechanical:

Approximately 2 positions located in Grand Rapids, MI (1) and Kalamazoo, MI (1). These positions require the following minimum skills and/or qualifications:

- Makes repairs and performs scheduled maintenance to both inbound and outbound locomotives.
- Must have knowledge of and comply with FRA standards.
- Must possess a high school education or GED, and a minimum of 12 months job-related experience; or equivalent combination of education and experience.
- Prefer background in technical training in Diesel maintenance/repair.
- Demonstrated knowledge and ability in using required hand and power tools.

#### Track Inspector:

1 position located in Kalamazoo, MI. This position requires the following minimum skills and/or qualifications:

- Inspect railroad tracks, switches, crossings, bridges, roadbed and other parts of the
  railroad for any defects that would affect the safe operation of train traffic. The individual
  must be familiar with the Federal Railroad Administration Track Safety Standards part
  213 and be able to Supervise activities of workers engaged in the installation and repair
  of railroad track on specified territory according to 49 CFR 213 7.
- Implement remedial action on defects pending repair.
- Inspect completed work to verify conformance to government regulations.

- Prepare inspection reports for management and government compliance.
- Must possess 3 years supervisory experience in Railroad Track Maintenance

#### MoW Foreman:

Approximately 2 positions as follows: Grand Rapids (1) and Kalamazoo (1) These positions require the following minimum skills and/or qualifications:

- Supervises activities of workers engaged in the installation and repair of railroad track on specified territory according to 49 CFR 213.7.
- Installs and repairs railroad track on specified territory of railroad, is able to read, understand and apply, FRA track standards, track charts, track engineering standards book, GCOR, Safety rules, curve data, and be able to plan, project and apply the work force in an effective and efficient manner, provide track inspections,
- Supervise all track and switch repair/ rebuilding and new construction while maintaining a safe work environment.
- Follows guidelines for proper maintenance of track equipment and complies with applicable Roadway Worker Protection rules.
- Must possess 3 years supervisory experience in Railroad Track Maintenance.

#### MoW laborer:

Approximately 6 positions as follows: Grand Rapids (2) and Kalamazoo (4). These positions require the following minimum skills and/or qualifications:

- Perform tasks associated with track work including but not limited to, pulling and driving spikes, replacing ties, surfacing track, changing rail, bars, and other track apparatus
- Must be willing to learn and apply FRA rules and regulations and be able to perform maintenance in a timely manner.
- Must be willing to learn to operate in a safe and efficient manner, all equipment and tools associated with track maintenance.
- Must possess a high school education or GED, and a minimum of 12 months job-related experience; or equivalent combination of education and experience.

#### Welder:

Approximately 1 position as follows: Kalamazoo (1). This position requires the following minimum skills and/or qualifications:

- Welds metal parts together using both gas welding or brazing and any combination of arc welding processes.
- Performs related tasks such as thermal cutting and granding.
- Repairs broken or cracked parts, fills holes, and increases size of metal parts.
- Must possess a high school education or GED, and a minimum of 3 years job-related experience; or equivalent combination of education and experience.

#### Welder Helper:

Approximately 1 position as follows: Kalamazoo (1). This position requires the following minimum skills and/or qualifications:

- Welds metal parts together using both gas welding or brazing and any combination of arc welding processes.
- Performs related tasks such as thermal cutting and grinding
- Repairs broken or cracked parts, fills holes, and increases size of metal parts.
- Must possess a high school education or GED, and a minimum of 6 months job-related experience; or equivalent combination of education and experience.

#### Signal Supervisor:

1 position located in Kalamazoo, MI. This position requires the following minimum skills and/or qualifications:

- Directs signal work leaders and foreman to complete construction projects and required maintenance including FRA required test and inspections.
- Inspects signal equipment to determine sequence of repair.
- Directs and assists workers in installing or repairing signal equipment, such as wayside signals, defect detectors and crossing protections. Inspects completed work for conformance to company specifications.
- Must possess a high school education or GED, and a minimum of 5 years job-related experience; or equivalent combination of education and experience.

#### Signal Maintainer:

Approximately 4 positions as follows: Grand Rapids (1) and Kalamazoo (3). These positions require the following minimum skills and/or qualifications:

- Responsible for installing, testing, troubleshooting, repairing and maintaining various railroad signals and grade crossing warning device equipment.
- Loading and unloading supplies, digging holes and trenches for cable, painting signal
  equipment, and climbing and working on poles and signal masts. Could also handle cable
  and wire and make electrical connections.
- Safely and effectively operate non-power tools, high precision measuring tools, power tools and low precision measuring tools.
- Must possess a high school education or GED, and a minimum of 12 months job-related experience; or equivalent combination of education and experience.

#### Carmen Foreman:

Approximately 1 position as follows: Kalamazoo (1). This position requires the following minimum skills and/or qualifications:

- Responsible for supervision of rail car inspection and maintenance in accordance with FRA standards.
- Familiar with AAR office manual, ability to identify AAR/FRA defects when present on railcars.
- Must possess a high school education or GED, and a minimum of 5 years job-related experience; or equivalent combination of education and experience.
- Comply with all FRA and Watco safety standards.
- Other duties as assigned.

#### Carmen:

Approximately 2 positions as follows: Kalamazoo (2). These positions require the following minimum skills and/or qualifications:

- Maintain, replace and/or repair air brake pipes, valves, gaskets, air hoses and other equipment as required.
- Inspects outlet gates on hopper cars and air dumps for defects and ensures they are properly secured.
- Operates electrical and gas welding equipment to join a variety of metals and alloys; operates acetylene torches for cutting and/or shaping metal parts such as aluminum, cast iron, steel, bronze, etc. Operates specialized off-highway motor vehicles including forklift trucks, mobile cranes, track mobiles, and ship tractors.
- Familiar with AAR office manual, ability to identify AAR/FRA defects when present on railcars.
- Must possess a high school education or GED, and a minimum of 12 months job-related experience; or equivalent combination of education and experience.

#### The 7 managerial positions are as follows:

#### General Manager:

1 Position located in Kalamazoo, MI.

#### Train Masters:

Approximately 3 positions as follows: Grand Rapids (1) and Kalamazoo (2).

#### Marketing Manager:

1 positions located in Kalamazoo, MI

#### Chief Mechanical Officer:

1 position located in Grand Rapids, Ml.

#### Roadmaster:

1 position located in Kalamazoo, MI.

The most qualified candidates will be selected from the available pool of applicants without regard to race, creed, color, religion, national origin, sex, age, marital status, disability or veteran status. The selection criteria will be job-related skills and attributes as outlined above. Successful candidates must have a stable work record and exhibit safe work practices. The ability to work in a team environment with a focus on customer service is critical. Applicants must be able to read and comprehend regulations and instructions in English, as well as possess good oral communication skills. Successful applicants will be required to pass a preemployment drug and alcohol screen and complete a medical questionnaire. Every employee is an at-will employee. All employees are expected to know and abide by the standard code of Employee Conduct.

Anyone interested in these positions can contact the following:

Chris Spear 620-687-4411 cspear@watcocompanies.com

315 W 3<sup>rd</sup> Pittsburg, KS 66762

Grand Elk Railroad Kalamazoo, MI